

Message Text

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TO SECSTATE WASHDC IMMEDIATE 4299

C O N F I D E N T I A L SECTION 1 OF 4 BRASILIA 1862

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EXDIS

FOR ARA ROGERS AND FISHLOW

E.O.11652: GDS

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: SECRETARY'S VISIT TO BRAZIL - PROPOSED SCENARIO FOR
FOLLOW-UP ACTIONS AND EVENTS

1. SUMMARY: EMBASSY OUTLINES IN THIS MESSAGE A SERIES OF ACTIONS, CONSULTATION, AND VISITS WHICH WOULD CULMINATE IN THE FIRST MEETING OF THE BILATERAL CONSULTATIVE MECHANISM ESTABLISHED DURING THE SECRETARY'S VISIT. THIS SIX-MONTH SCENARIO OF KEY EVENTS IS DESIGNED TO MAINTAIN THE MOMENTUM FOR CLOSER CONSULTATIONS AND PRACTICAL RESOLUTION OF DIFFERENCE WITH BRAZIL. THE INTERRELATIONSHIP OF THESE EVENTS -- SOME FIRM, SOME PROSPECTIVE -- IS SIGNIFICANT BECAUSE OF THEIR MUTUALLY INTERACTING AND REINFORCING EFFECT. OF THE ACTIONS AND EVENTS, THE MOST IMPORTANT ARE, WE BELIEVE (I) A DECISION TO PURSUE THE SIMONSEN PROPOSALS FOR AN INTERIM UNDERSTANDING ON COUNTERVAILING DUTIES, WITH THE HOPE THAT AN UNDERSTANDING CAN BE ACHIEVED (EVENTS 1, 2, 4, 7, 10, AND 14), (II) THE EXPLORATION AND NEGOTIATION OF NEW BILATERAL NUCLEAR AGREEMENT (EVENTS 9, 13, AND 18), AND (III) AN AGREEMENT ON JOINT ENERGY RESEARCH (EVENTS 9 AND 18). THE VISIT OF SECRETARY SIMON O BRAZIL, THE VISIT OF MINISTER UEKI TO WASHINGTON, A POSSIBLE INFORMAL RETURN VISIT BY THE SECRETARY IN JUNE, AND A POSSIBLE VISIT BY ERDA DIRECTOR SEAMANS WILL BE OF SPECIAL SIGNIFICANCE. BUILDING ON THESE

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ACTIONS AND EVENTS, WE ENVISAGE A FIRST FORMAL MEETING OF

THE NEW CONSULTATIVE MECHANISM IN LATE AUGUST OR EARLY SEPTEMBER, POSSIBLY IMMEDIATELY PRECEDING THE UN GENERAL ASSEMBLY SESSION. A GREAT DEAL OF THE PREPARATION, DEVELOPMENT AND FOLLOW-THROUGH WILL INVOLVE NORMAL CHANNELS AND PROCEDURES IN BRASILIA AND WASHIGGTON. THE NEW ELEMENT IN THE SITUATION REPRESENTED BY THE SECRETARY'S VISIT AND THE MEMORANDUM OF UNDERSTANDING IS THE ASSURANCE THAT THERE WILL BE CONSTANT , DEPARTMENT-CENTERED, HIGH-LEVEL, "POLITICAL" OVERSIGHT OF THE DECISION-MAKING PROCESS ON ISSUES AFFECTING THE US-BRAZILIAN RELATIONSHIP. END SUMMARY.

I. GENERAL STRATEGY AND OBJECTIVES

2. OVER THE COMING MONTHS, A SERIES OF ACTIONS, CONSULTATIONS, AND VISITS, ALREADY FIRM OR IN PROSPECT, WILL PROVIDE THE OPPORTUNITY TO GIVE SUBSTANCE AND FORM TO THE CONSULTATIVE MECHANISM ESTABLISHED DURING THE SECRETARY'S VISIT , TO EXPAND OUR DIALOGUE WITH BRAZIL, AND TO REACH SOLUTIONS ON SOME BILATERAL PROBLEMS THROUGH THE EXERCISE OF THEPOLITICAL WILL THAT IS INTENDED TO GUIDE THE CONSULTATIVE MECHANISM. IT IS IMPORTANT THAT THE INTERRELATIONSHIPS OF THESE OCCURRENCES BE KEPT CLEARLY IN MIND IN ORDER TO FACILITATE THE ESTABLISHMENT OF A MUTUALLY INTERACTING AND REINFORCING SEQUENCE OF EVENTS OUR HOPE IS THAT SUCH A PATTERN OF ACTIONS AND EVENTS WILLOVERCOME THE PRESENT PROSPECT OF AN INCRESINGLY CONFLICTIVE RELATIONSHIP, REINFORCE HABITS OF COOPERATIVE PROBLEM-SOLVING IN BOTH GOVERNMENTS IN THE CONTEXT OF THEIR BROAD MUTUAL POLITICAL INTERESTS REFLECTED IN THE MEMORANDUM OF UNDERSTANDING AND HELP GENERATE A NEW TONE AND SENSE OF FORWARD MOVEMENT IN US-BRAZILIAN RELATONS. IF THIS APPROACH SUCCEEDS, WE WOULD HOPE THAT OUT OF THIS PROCESS OF INTERACTION THERE WOULD EMERGE A NEW SENSE OF COMMONALITY OF INTERESTS AND SHARED PURPOSES, WHICH HAVE FREQUENTLY BEEN LACKING. ON A CONCEPTUAL PLANE THE SECRETARY, BOTH THROUGH HIS DINNER SPEECH AT THE ITAMARATY AND THROUGH HIS PRESENCE, POSED BASIC QUESTIONS TO HIS BRAZILIAN INTERLOCUTORS ABOUT BRAZIL'S EVOLVING ROLE AND RESPONSIBILITIES IN THE WORLD AND ITS RELATIONSHIP, WITHIN THE GLOBAL SETTING, WITH THE UNITED STATES. AS WE DEAL WITH SPECIFIC ISSUES AND RELATED ACTIONS AND EVENTS IN THE MONTHS AHEAD, IT IS IMPORTANT THAT THE QUESTION AND

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CHALLENGE BE KEPT BEFORE THE BRAZILIANS.

II. EVENTS/ACTIONS SCENARIO

3. THE FOLLOWING IS A ROUGHLY CHRONOLOGICAL LISTING OF THE EVENTS OR ACTIONS THAT ARE OF PARTICULAR IMPORTANCE TO THE PURSUIT OF THIS STRATEGY. (TO ASSIST IN THE MONITORING OF THIS PROGRAM, WE HAVE NUMBERED THIS SEQUENCE OF EVENTS.) IN THIS

MESSAGE, WE WILL DESCRIBE THE SUBSTANTIVE, AS APPROPRIATE, WILL DEVELOP FURTHER OUR IDEAS ON EACH EVENT AT A LATER TIME.

A. EVENT NO. 1 - MARCH 1

VISIT OF MINISTER REIS VELLOSO TO WASHINGTON

WE SEE THE LUNCHEON BEING GIVEN FOR REIS VILLOSO (AND ANY ADDITIONAL HIGH-LEVEL APPOINTMENTS THAT MIGHT BE ARRANGED FOR HIM) AS AN OPPORTUNITY (A) PRIMARILY TO PURSUE THE RANGE OF MATTERS DISCUSSED IN THE SECRETARY'S MEETING WITH HIM AND SIMONSEN (PARTICULARLY THE SIMONSEN SUGGESTIONS ON APPROACHES TO THE SUBSIDY/COUNTERVAILING QUESTION); (B) IN THE COURSE OF THAT EFFORT, TO EXAMINE THE ITC RECOMMENDATIONS ON SHOES AND PRELIMINARY EXECUTIVE BRANCH THINKING ON THE RECOMMENDATIONS; (C) TO RECORD, IN A MANNER APPROPRIATE TO THE STATUS OF THE DISCUSSIONS IN GATT, OUR CONCERNS ABOUT GOB RESTRICTIONS ON IMPORTS; AND (D) POSSIBLY TO EXPLORE THE TERMS OF REFERENCE OF THE NEW GROUP ON SCIENTIFIC AND TECHNICAL COOPERATION WHICH SILVEIRA SUGGESTED AND THE SECRETARY AGREED TO. (BRASILIA 1160)

WE RECOMMEND THAT WE NOT RPT NOT TAKE AN INITIATIVE TO DISCUSS WITH REIS VELLOSO CERTAIN OF THE SUBJECTS RAISED IN THE TALKS WITH UEKI, MINISTER OF MINES AND ENERGY (THE REVISED NUCLEAR BILATERAL AGREEMENT, ENERGY RESEARCH, AND UEKI'S PART OF THE DEEP SEABEDS ISSUE) SINCE THESE ARE, FOR PRACTICAL PURPOSES OUTSIDE THE PROVINCE OF REIS VELLOSO, DESPITE THE BROAD MANDATE WITHIN THE GOB. OF COURSE, THE PARTICIPANTS IN THE LUNCH SHOULD BE PREPARED TO RESPOND IN A GENERAL WAY TO ANY UNEXPECTED INITIATIVE BY REIS VILLOSO ON THESE MATTERS. WITH RESPECT TO UEKI'S

CONCERNS ABOUT IFI FINANCING OF IRON ORE AND HYDRO PROJECTS, THESE ARE

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APPROPRIATE FOR DISCUSSIONS WITH REIS VELLOSO, IF WE HAVE ANYTHING TO SAY, PARTICULARLY ABOUT THE SECRETARY'S TALK WITH MACNAMARA. (PLEASE NOTE THAT REIS VELLOSO WILL BE SEEING MACNAMARA FOLLOWING THE LUNCH.)

DESIRED RESULTS: (A) A DEMONSTRATION ON OUR PART OF SERIOUS INTEREST IN FOLLOWING UP THE SECRETARY'S DISCUSSIONS ON TRADE AND FINANCING ISSUES; (B) ELABORATION BY REIS VILLOSO OF THE BRAZILIAN POSITIONS DURING THE TALKS WITH THE SECRETARY AS A CONTRIBUTION TO OUR STUDY OF THOSE POSITIONS; (C) IF POSSIBLE, A DEFINITION BY US OF A TIME-TABLE FOR COMPLETION OF OUR EXAMINATION OF THE SIMONSEN PROPOSALS AND SUGGESTIONS AS TO THE PROCEDURES FOR ANY BILATERAL NEGOTIATIONS OF THEM; AND (D) IF REIS VILLOSO SHOWS INTEREST IN THE SUBJECT AT THE MEETING, AN AT LEAST TENTATIVE AGREEMENT ON NEXT STEPS IN THE

CONVENING OF THE GROUP OF SCIENTIFIC AND TECHNICAL COOPERATION.

B. EVENT NO. 2 - EARLY - MID MARCH

LETTERS FROM SECRETARY SIMON TO SIMONSEN AND FROM SECRETARY
KISSINGER TO SILVEIRA

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FOR ARA ROGERS AND FISHLOW

AS SOON AS THERE IS A USG DECISION TO PROCEED IN EARNEST
ON SIMONSEN'S PROPOSALS ON THE SUBSIDY/COUNTERVAILING DUTY
ISSUE, IT WOULD BE APPROPRIATE AND HELPFUL FOR SECRETARY SIMON
TO SEND A SUBSTANTIVE LETTER TO SIMONSEN THAT WOULD LAY OUT THE
USG-WIDE APPROACH. THE LETTER -- WHICH SHOULD BE PARALLELED
BY A SIMULTANEOUS LETTER TO SILVEIRA FROM THE SECRETARY AS
CHAIRMAN OF THE US ELEMENT OF THE CONSULTATIVE MECHANISM
-- COULD ALSO ADDRESS THE OTHER SUBJECTS RAISED IN THE SECRETARY'S
MEETINGS WITH SIMONSEN AND REIS VELLOSO AND WITH UEKI (THE
IFI ASPECTS).

DESIRED RESULTS: (A) TO TRANSMIT THE FORMAL DECISION OF
THE USG AS A WHOLE CONCERNING THE PURSUIT OF SIMONSEN'S INITIATIVES
ON SUBSIDIES/COUNTERVAILING DUTIES; (B) TO GIVE AT LEAST PRELIMINARY
USG REACTIONS TO BRAZILIAN POSITIONS ON OTHER MATTERS BROUGHT
UP BY THE BRAZILIA SIDE THAT INVOLVE TREASURY AS "EXECUTIVE
AGENT" OF THE USG; AND (C) TO KEEP THE BALL ROLLING WITH THE RESPECT
TO SECRETARY SIMON'S MAY VISIT TO BRAZIL.

C. EVENT NO 3 - MARCH 9 - 11

VISIT OF DR. DION TO WASHINGTON

THIS VISIT SHOULD ENCOMPASS CONSULTATIONS AT THE DEPARTMENT
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WITH THE TOP OFFICIALS OF THE NATIONAL SCIENCE FOUNDATION
AND AID TO EXPLORE (A) CONCRETE POSSIBILITIES FOR EXPANDED
SCIENCE AND TECHNOLOGY COOPERATION WITHIN AND OUTSIDE THE
SCIENCE BILATERAL: AND (B) THE TERMS OF REFERENCE AND THE CONVENING
OF THE NEW GROUP ON SCIENTIFIC AND TECHNICAL COOPERATION
IN SPECIFIC FIELDS, AND PROJECTS WITH USG AGENCIES. DION ALSO
WANTS TO EXAMINE WITH THE DEPARTMENT AND NASA THE POLICY
AND TECHNICAL ASPECTS OF REMOTE SENSING COOPERATION (SEE BRASILIA
1160).

DESIRED RESULTS: AN UNDERSTANDING WITH THE DEPARTMENT, NAS,
NSF AND AID ON THE MODALITIES (POSSIBLY TO BE DEVELOPED BY
WORKING PARTIES) FOR THE IDENTIFICATION OF SPECIFIC PROJECTS
TO BE COVERED BY AN EXPANDED SCIENCE AGREEMENT: AND FURTHER
CLARIFICATION OF THE TERMS OF REFERENCE AND TIMETABLE FOR THE
NEW SCIENTIFIC AND TECHNICAL COOPERATION GROUP, WITH SPECIAL
ATTENTION TO THE RELATIONSHIP OF THE GROUP TO ACTIVITIES CARRIED
OUT WITHIN THE EXPANDED SCIENCE BILATERAL. ALTHOUGH DION'S DIS-
CUSSIONS ABOUT REMOTE SENSING WITH THE DEPARTMENT AND
NASA WILL PRESUMABLY BE A MATTER APART, THE EMBASSY HOPES
THAT AN UNDERSTANDING AT LEAST IN PRINCIPLE ON THE RENEWAL
OF THE EXISTING AGREEMENT WILL BE REACHED (BRASILIA 1860).

D. EVENT NO 4 - MARCH 11 - 12

MEETING OF THE CONSULTATIVE SUB-GROUP ON TRADE IN WASHINGTON

THE GROUP WILL DISCUSS

A) MAJOR ISSUES IN THE MTN, WITH PARTICULAR REFERENCE
TO BRAZILIAN PROPOSALS AND INITIATIVES: AND
B) BILATERAL TRADE ISSUES.

TO BE MOST PRODUCTIVE, THIS MEETING SHOULD BE PRECEDED
BY KISSINGER-SILVEIRA, SIMON-SIMONSEN LETTERS (SKETCHED OUT
IN EVENT NO. 2) THAT ARE POSITIVE ABOUT OR READINESS TO BEGIN
EXPLORATORY NEGOTIATIONS ON AN INTERIM SUBSIDY/COUNTERVAILING
DUTY ARRANGEMENT. IF THESE STATEMENTS ARE IN HAND, SENIOR
FINANCE MINISTRY REPRESENTATIVES WOULD PROBABLY FORM
PART OF THE BRAZILIAN DELEGATION. THEIR PRESENCE WOULD PERMIT
"PRE-NEGOTIATION": WE ASSUME THAT NEITHER SIDE WOULD BE PREPARED
FOR FULL SCALE NEGOTIATIONS.
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E. EVENT NO 5 - EARLY - MID MARCH

DEFINITION OF BRAZILIAN POLICY IN ANGOLA

(SEE BRASILIA 19740)

DESIRED RESULTS: THE INITIAL OBJECTIVE IS TO OBTAIN FROM SILVEIRA A CLEAR STATEMENT OF WHAT IS BEHIND HIS AND OTHERS' HINTS THAT HE WANTS TO CONCERT WITH US ON MOVES TO HOLD OUT A "WESTERN OPTION" TO AGOSTINHO NETO AND TO GET THE CUBANS OUT OF ANGOLA. ONCE WE ARE SURE ABOUT HIS INTENTIONS, WE CAN THEN ASSESS THE DESIRABILITY AND FEASIBILITY OF ASSOCIATING OURSELVES WITH THE GOB'S STRATEGY.

F. EVENT NO 6 - MARCH

FOLLOW-UP ON LAW OF THE SEA ISSUES

AS A RESULT OF THE SECRETARY'S TALKS HERE, UEKI IS CONSTITUTING AN INTERMINISTERIAL WORKING GROUP TO EXAMINE THE BRAZILIAN POSITION ON THE DEEP SEABEDS ISSUE. THE RESULT OF THIS EXAMINATION WILL BE COMMUNICATED BY UEKI TO THE AMBASSADOR. IT SHOULD BE NOTED THAT THE UEKI EXERCISE WILL PROBABLY CONCENTRATE ON THE MINERAL EXPLOITATION ANGLE AND NOT ON THE SCIENTIFIC RESEARCH/NON-ECONOMIC/DEVICES ASPECT. FURTHER CONVERSATIONS WOULD PRESUMABLY TAKE PLACE IN THE MARCH LOS MEETING IN NEW YORK, WITH THE EMBASSY BEING KEPT INFORMED AND READY TO SUPPLEMENT THE NEW YORK ACTIVITY AS WASHINGTON MAY DESIRE. THE US DELEGATION TO THE LOS TALKS WILL PRESUMABLY BE AUTHORIZED TO EXPLOIT THE ATMOSPHERE CREATED BY THE SECRETARY'S DISCUSSIONS HERE BY MOVING IN ON THE SECOND COMPONENT OF THE ORIGINAL PLAN.

DESIRED RESULTS: (A) CONFIRMATION OF THE APPROACH OUTLINED BY THE BRAZILIAN REPRESENTATIVE IN NEW YORK ON MINERALS EXPLOITATION AND AN AGREEMENT BY THE GOB TO WORK WITHIN THE G-77 CAUCUS FOR A COMPROMISE APPROACH (B) A DEFINITION OF THE DEGREE OF BRAZILIAN "GIVE", IF ANY, ON THE SCIENTIFIC RESEARCH/NON-ECONOMIC DEVICES QUESTION.

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G. EVENT NO 7 - MARCH

POSSIBLE BISIT BY TREASURY UNDER SECRETARY YEO

WE BELIEVE THIS VISIT SHOULD BE ENCOURAGED IF IT CAN BE GIVEN A SHARPER FOCUS THAN THE LAST. IN THE POST-JAMAICA SETTING, BRAZILIAN POLICY MAKERS WILL BE INTERESTED IN THE STATUS OF INTERNATIONAL FINANCIAL REFORM PARTICULARLY FROM THE STANDPOINT OF INTERMEDIATE COUNTRIES LIKE BRAZIL AND THEIR INCREASINGLY SEVERE FINANCIAL-DEBT PROBLEMS. THE UNDER SECRETARY SHOULD ALSO DISCUSS US POLICY ON ENLARGEMENT OF THE CAPITAL AND ON THE LENDING PROGRAMS OF THE IFI'S: HE MAY ALSO WISH TO CONTINUE THE LOW-KEY DISCUSSION OF BRAZILIAN EXCHANGE RATE POLICY BEGUN DURING HIS LAST VISIT. TO THE EXTENT THAT SOME OF THE SPECIFIC POINTS RAISED BY SIMONSEN IN THE MEETING WITH THE SECRETARY MAY HAVE NOT YET BEEN ADDRESSED IN THE SIMON -SIMONSEN CORRESPONDENCE, HE MAY WISH TO COVER THESE ALSO.

IT WOULD BE ALL TO THE GOOD, OF COURSE, IF YEO WERE TO HAVE A MANDATE TO REINFORCE OUR OPENNESS TO AN INTERIM AGREEMENT ON COUNTERVAILING DUTIES. ALTHOUGH WE RECOGNIZE THAT THIS IS NOT YEO'S AREA OF RESPONSIBILITY, FAILURE TO MENTION AN ISSUE WHICH WILL BE UPPERMOST IN SIMONSEN'S MIND COULD SIGNIFY A LOSS OF MOMENTUM AND BE SUBJECT TO MISINTERPRETATION. WE THEREFORE HOPE THAT YEO CAN BE FULLY BRIEFED ON THIS ISSUE AND THAT HE WILL BE AUTHORIZED TO SPEAK POSITIVELY ON THE MERITS OF AN AGREEMENT AND ON ITS TERMS FROM THE US STANDPOINT.

DESIRED RESULTS: (A) INCREASED COORDINATION BETWEEN US AND BRAZIL OF FOLLOW-ON WORK TO JAMAICA, PARTICULARLY CONCERNING THE PROBLEMS OF INTERMEDIATE COUNTRIES, AND THE CONCLUSIONS OF THE FINANCIAL COMMISSION OF THE CIEC ONCE THESE REACH THE FULL CONFERENCE: (B) POSSIBLE FURTHER PROGRESS ON THE EXAMINATION OF THE SUBSIDY COUNTERVAILING PROPOSALS.

H. EVENT NO. 8 - MARCH 30

INTERNAL DECISIONS WITHIN USG ON POSSIBILITIES FOR MAKING REIMBURSEABLE TECHNICAL COOPERATION MORE ATTRACTIVE.

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EXDIS

FOR ARA ROGERS AND FISHLOW

IN RESPONDING PRELIMINARILY TO OUR PROPOSAL TO PURCHASE
CRUZEIROS FROM COOPERATING GOB ENTITIES FOR EMBASSY NEEDS AS A
MEANS OF FINANCING DOLLAR COSTS OF REIMBURSABLE TECHNICAL COOPERATION
PARTICULARLY IN THE AGRICULTURAL SECTOR, THE INTERNATIONAL
TECHNICAL COOPERATION DEPARTMENT (SUBIN) HAS ASKED IN EFFECT
THAT SOME ELEMENT OF "CONCESSIONALITY" BE INCORPORATED IN THE
PROGRAM SO AS TO PROTECT THE GOB FROM A LOSS OF GRANT ASSISTANCE
FROM THE GERMANS, CANADIANS, ETC. THE EMBASSY IS VERY
INTERESTED IN HAVING WASHINGTON EXPLORE THE POSSIBILITIES OF
USING ESSENTIALLY COSMETIC DEVICES FOR THIS PURPOSE,
FOR EXAMPLE, ABSORPTION BY THE USG AGENCIES INVOLVED OF SOME
OF THEIR OVERHEAD COSTS. THE EMBASSY WILL BE TRANSMITTING
SUGGESTIONS. WE WANT TO NOTE THAT IT IS PRUDENT TO EXPECT GOB
PRESSURE IN THE NEW SCIENTIFIC AND TECHNICAL COOPERATION GROUP
(WHOSE CREATION WAS SUGGESTED BY THE GOB SIDE) FOR RESUMPTION
OF SOME CONCESSIONAL TECHNICAL ASSISTANCE.

DESIRED RESULTS: (A) A WASHINGTON DECISION BY APRIL 1
ON THE QUESTION OF COSMETIC CONCESSIONAL COMPONENTS IN OUTSTANDING
REIMBURSABLE TECHNICAL COOPERATION PROPOSALS,
NOTABLY THOSE WITH USGS AND USDA; (B) THE IDENTIFICATION BY
WASHINGTON BY APRIL 1 OF TYPES OF PROJECTS -- INCLUDING THOSE IN
THE SCIENCE FIELD (SEE EVENT NO 3, THE DION VISIT) -- THAT MIGHT
BE ELIGIBLE UNDER EXISTING STANDARDS FOR REGIONAL OR TAB GRANT
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FINANCING.

I. EVENT NO 9 - APRIL

UEKI VISIT TO WASHINGTON

AS WE SEE IT, THE UEKI VISIT WOULD BE THE OCCASION FOR:
A) DISCUSSION OF THE PRINCIPLES OF A REVISED BILATERAL
NUCLEAR AGREEMENT:
B) THE FIRST MEETING OF THE NEW GROUP ON ENERGY
RESEARCH:

C) DISCUSSION OF FINANCIAL SUPPORT FROM THE IFI'S
AND EXIM FOR PROJECTS IN THE MINERALS AREA AND HYDROELECTRIC
POWER:

D) A POSSIBLE DISCUSSION OF THE DEEP SEABEDS ISSUE IN
THE LOS, DEPENDING ON HOW THE US-BRAZILIAN DIALOGUE HAS DEVELOPED.
THE UEKI VISIT COULD ALSO BE THE OCCASION FOR THE
SIGNING OF A REIMBURSABLE TECHNICAL COOPERATION AGREEMENT BETWEEN
USGS AND THE COUNTERPART BRAZILIAN ENTITY, WHICH IS PART
OF UEKI'S MINISTRY. IF, HOWEVER, THE AGREEMENT CAN BE PUT INTO
EFFECT WELL BEFORE UEKI'S VISIT, IT SHOULD NOT BE HELD UP.

DESIRED RESULTS: A) AGREEMENT TO PROCEED TO FORMAL NEGOTIATIONS OF A
REVISED BILATERAL NUCLEAR AGREEMENT:

B) IDENTIFICATION OF RESEARCH PROJECTS IN THE
ENERGY FIELD TO BE PURSUED BI-NATIONALLY:

C) AGREEMENT ON A RETURN VISIT BY THE ADMINISTRATOR OF
ERDA TO BRAZIL:

D) A NOTIFICATION TO THE GOB OF THE DEGREE OF USG
SUPPORT TO BE GIVEN BRAZILIAN MINERALS AND HYDRO PROJECTS IN
THE IFI'S AND EXIM.

J. EVENT NO 10 - APRIL

REIS VELLOSO - PAULO LIRA (CENTRAL BANK PRESIDENT) VISIT TO CON-
VENTION OF BANKERS' ASSOCIATION FOR FOREIGN TRADE IN HOT
SPRINGS.

WE BELIEVE THIS VISIT MIGHT BE EXPANDED TO INCLUDE AN
OFFICIAL PROGRAM IN WASHINGTON IF THE MINISTER GOES TO HOT SPRINGS AND
IS AGREEABLE TO THE VISIT'S EXTENSION. TOPICS TO BE TREATED WOULD
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INCLUDE AN UP-DATE ON THE WORK GOING
FORWARD ON AN INTERIM UNDERSTANDING ON SUBSIDIES/COUNTERVAILING
DUTIES AND THE MATTERS COVERED IN THE YEO VISIT (INTERNATIONAL
MONETARY REFORM, THE PROBLEM OF INTERMEDIATE COUNTRIES, EXPANSION
OF THE CAPITAL OF THE WORLD BANK, ETC.)

DESIRED RESULTS: THE PRINCIPAL OBJECTIVE WOULD BE TO
MAINTAIN THE MOMENTUM OF WORK ON AN INTERIM AGREEMENT.

K. EVENT NO 11 - APRIL

VISIT OF EXIM VICE PRESIDENT O'CONNOR TO BRAZIL

IN ANTICIPATION OF THE VISIT OF SECRETARY SIMON IN MAY,
THE EMBASSY WOULD LIKE TO USE THE O'CONNOR TRIP FOR A REVIEW WITH
GOB OFFICIALS OF EXIM LENDING POLICIES TOWARD BRAZIL. O'CONNOR'S
PRINCIPAL PURPOSE WILL BE TO MEET WITH PARTICULAR CLIENTS OF
THE BANK BUT WE WOULD WISH TO ADD THIS POLICY DIMENSION TO HIS

VISIT.

L. EVENT NO 12 - MAY

POLICY PLANNING TALKS

AS A FOLLOW-UP TO LAST YEAR'S POLICY PLANNING TALKS, WE WOULD LIKE TO SEE A FURTHER SESSION OF POLICY PLANNERS THIS SPRING, EITHER IN WASHINGTON OR IN BRASILIA. THE INCLUSION OF THIS LONGER RANGE COMPONENT OF THE CONSULTATIVE SYSTEM WOULD BE HIGHLY DESIRABLE AND NATURAL. MOREOVER, WE BELIEVE THAT, WITH THE CREATION AFTER THE LAST TALKS OF A SMALL POLICY PLANNING GROUP IN SILVEIRA'S CABINET, THE BRAZILIAN SIDE CAN PARTICIPATE WITH LESS PROFESSIONAL TIMIDITY AND CAUTION THAN IN THE PAST. AN INTERESTING AGENDA, IN PART DESIGNED ON OUR SIDE TO BRING OUT THE TOUGH QUESTIONS THAT BRAZIL'S GROWING INTERNATIONAL ROLE PUTS BEFORE IT, CAN READILY BE DEVELOPED.

DESIRED RESULTS: FURTHER DEMONSTRATION OF THE MANY DIMENSIONS OF THE CONSULTATIVE PROCESS: INSIGHTS INTO BRAZILIAN LONGER-RANGE THINKING AND THE EXTENT OF ITS COMPATIBILITY WITH OUR OWN: INFLUENCE ON THE COURSE OF BRAZILIAN FORWARD PLANNING.

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M. EVENT NO 13 - MAY

FORMAL NEGOTIATIONS OF REVISED BILATERAL NUCLEAR AGREEMENT

ASSUMING THE EXPLORATORY DISCUSSIONS WITH UEKI HAVE SHOWN SUFFICIENT PROMISE, THE US AND BRAZIL WOULD THEN PROCEED TO FORMAL NEGOTIATION. THE US SIDE SHOULD BE PREPARED TO COME TO BRASILIA, AT LEAST FOR THE FIRST ROUND.

N. EVENT NO 14 - MAY

VISIT BY SECRETARY SIMON

IN THE VERY IMPORTANT SIMON VISIT, WE EXPECT THAT MOST OF THE ECONOMIC ISSUES ALREADY COVERED IN THE EARLIER EVENTS, OTHER THAN THOSE FALLING INTO THE UEKI-ERDA CHANNEL, WOULD BE REVIEWED. THE CENTRAL TOPIC WOULD BE, AS INDICATED IN THE SIMON-SIMONSEN LETTER OF FEBRUARY 12, BILATERAL TRADE ISSUES: AN INTERIM UNDERSTANDING ON COUNTERVAILING DUTIES AND THE EXECUTIVE BRANCH'S DECISION ON THE ITC FINDING ON SHOES. THE OTHER PRINCIPAL TOPICS SHOULD BE BRAZIL'S CAPITAL NEEDS AS AN INTERMEDIATE MONETARY REFORM AND, IF THERE WERE TO BE A FAVORABLE DECISION WITHIN THE USG BY THAT TIME, THE EXPANSION OF THE CAPITAL OF THE WORLD BANK AND THE IFC. DEPENDING ON THE EVOLUTION BY MAY OF BRAZIL'S B/P SITUATION, SIMONSEN MAY WISH

TO DISCUSS RELIEF MEASURES.

DESIRED RESULTS: INTERIM UNDERSTANDING ON COUNTERVAILING
DUTIES AND BRAZILIAN ACQUIESCENCE IN US DECISIONS ON THE SHOE
PROBLEM: INCREASED COORDINATION BETWEEN THE TWO GOVERNMENTS
ON THE DEVELOPMENT COMMITTEE: AND SOME INDICATION OF HOW THE US WOULD
BE PREPARED TO COOPERATE BILATERALLY AND TO WORK WITH INTERNATIONAL
FINANCIAL INSTITUTIONS IF BRAZIL'S BALANCE OF PAYMENTS PROBLEM
SHOULD WORSEN.

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FOR ARA ROGERS AND FISHLOW

O. EVENT NO 15 - MAY

FIRST MEETING OF THE SCIENTIFIC AND TECHNICAL COOPERATION GROUP.

ON THE BASIS OF POSSIBLE DISCUSSIONS WITH REIS VELLOSO
(TWO POSSIBLE OPPORTUNITIES) AND WITH DION, USG INTERNAL DECISIONS
AND THE OPERATIONAL ACTIVITIES OF THE EMBASSY WITH THE
GOB, MAY, WE ESTIMATE, WOULD BE ABOUT RIGHT FOR THE CONVENING
OF THIS GROUP. DURING THE COURSE OF THE NEXT TWO - TWO AND A
HALF MONTHS, WE SHOULD BE CONSIDERING WHETHER A TECHNOLOGY COMPONENT
SHOULD SPECIFICALLY BE INTRODUCED INTO THE GROUP. THE
EMBASSY WILL BE PRESENTING VIEWS, AND WE URGE WASHINGTON TO GIVE
SERIOUS, IMAGINATIVE AND HIGH-LEVEL ADDRESS TO THIS QUESTION
AS WELL AS TO THE ISSUES RAISED EARLIER IN THIS TELEGRAM. THE
EMBASSY VIEWS THIS GROUP AS BEING A PRIME VEHICLE FOR THE

COHERENT ORGANIZATION OF "POST-AID LINKAGES."

DESIRED RESULTS: AGREEMENT ON AN UNCLUTTERED AND
EMINENTLY WORKABLE SYSTEM FOR IDENTIFYING AND FUNDING
SCIENTIFIC AND TECHNICAL COOPERATION PROJECTS OF MUTUAL INTEREST;
DECISIONS ON SPECIFIC PROJECTS THAT CAN BE INITIATED IMMEDIATELY
WITHIN THAT SYSTEM.

P. EVENT NO. 16 - JUNE OR JULY
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CONSULTATION ON MULTILATERAL DIPLOMACY

LOOKING TOWARD THE UN FALL SESSION, WE RECOMMEND A BILATERAL
CONSULTATION ON MULTILATERAL ISSUES, SIMILAR TO CONSULTATIONS
HELD INTERMITTENTLY IN PAST YEARS. SUCH TALKS ARE NOT
ONLY NECESSARY BECAUSE OF OUR OWN HEIGHTENED INTEREST IN THIS
AREA; THEY ARE ALSO NATURAL CONSEQUENCE OF THE INTENSIFIED
CONSULTATIVE PROCESS WE HAVE AGREED TO. ON THE BRAZILIAN
SIDE, THE PRINCIPAL INTERLOCUTORS WOULD BE THE FOREIGN
MINISTRY'S SECRETARY GENERAL AND THE DEPARTMENT HEADS FOR UN
AND INTER-AMERICAN REGIONAL AFFAIRS, AND WE THEREFORE WOULD
PREFER THAT THIS CONSULTATION BE HELD IN BRASILIA.

DESIRED RESULTS: THE ALERTING OF THE GOB TO THOSE
ISSUES OF PRIME CONCERN TO US: THE GREATEST POSSIBLE DEGREE OF
BRAZILIAN SUPPORT FOR US POSITIONS; THE CLEAR IDENTIFICATION
OF THE QUESTIONS ON WHICH NO AGREEMENT IS POSSIBLE.

Q. EVENT NO 17 - JUNE

POSSIBLE INFORMAL RETURN VISIT BY THE SECRETARY

IF THE SECRETARY ATTENDS THE OAS GENERAL ASSEMBLY
SESSION AND DECIDES TO STOP BRIEFLY IN BRASILIA, SUCH A
VISIT COULD BE THE OCCASION FOR A GENERAL REVIEW OF PROGRESS
IN THE CONSULTATIVE PROCESS AND AN UPDATE OF THE FEBRUARY DISCUSSIONS.

THE VISIT BY THE SECRETARY MIGHT BE PRECEDED BY A
MEETING OF THE HIGH LEVEL ECONOMIC CONSULTATIVE GROUP, THE
PRECISE SCHEDULING OF WHICH MIGHT, HOWEVER, DEPEND IN GOOD
PART ON THE RESULTS OF THE SIMON VISIT AND PROGRESS OF THE WORK
OF THE CIEC COMMISSIONS WHICH PRESUMABLY WOULD BE A PRINCIPAL
TOPIC. THE EMBASSY WILL HAVE FURTHER RECOMMENDATIONS ON THE
TIMING OF THIS MEETING.

R. EVENT NO. 18 - JULY OR AUGUST

SEAMANS RETURN VISIT TO BRAZIL

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AS INDICATED ABOVE, WE EXPECT THAT UEKI DURING HIS VISIT TO WASHINGTON WILL INVITE THE ADMINISTRATOR OF ERDA TO MAKE A RETURN VISIT TO BRASILIA.

DESIRED RESULTS: IF THE BILATERAL NEGOTIATIONS SUCCEED, THE NEW BILATERAL NUCLEAR AGREEMENT COULD BE SIGNED ON THAT OCCASION. SOME BILATERAL RESEARCH AGREEMENTS IN ENERGY SHOULD ALSO BE READY FOR FORMAL SIGNATURE AT THAT TIME.

S. EVENT NO 19 - LATE AUGUST - EARLY SEPTEMBER

FIRST FORMAL MEETING OF THE BILATERAL CONSULTATIVE MECHANISM

THIS MEETING MIGHT BE SET FOR LATE AUGUST OR SEPTEMBER IN WASHINGTON PRIOR TO THE UN GENERAL ASSEMBLY SESSION. ITS AGENDA WOULD BE DERIVED FROM THE CONSULTATIONS AND ACTIONS OF THE PRECEDING EVENTS/ACTIONS.

4. THE CONCENTRATION OF THIS TELEGRAM ON SPECIFIC EVENTS OR ACTIONS WITHIN THE POLITICAL FRAMEWORK OF THE CONSULTATIVE MECHANISM IS NOT INTENDED IN ANY WAY TO OBSCURE THE FACT THAT A GREAT DEAL OF THEIR PREPARATION, DEVELOPMENT AND FOLLOW-THROUGH WILL INVOLVE NORMAL CHANNELS AND PROCEDURES IN BRASILIA AND WASHINGTON. THE NEW ELEMENT IN THE SITUATION REPRESENTED BY THE SECRETARY'S VISIT AND THE MEMORANDUM OF UNDERSTANDING IS THE ASSURANCE THAT THERE WILL BE CONSTANT, DEPARTMENT-CENTERED, HIGH-LEVEL, "POLITICAL" OVERSIGHT OF THE DECISION-MAKING PROCESS ON ISSUES AFFECTING THE US-BRASILIA RELATIONSHIP.
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